Saskatchewan
Finance

Annual Report
2004-2005

Public Service
Superannuation Board

Saskatchewan Centennial 2005

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Saskatchewan
Finance

Her, Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to submit herewith the seventy-eighth Annual Report of the Public Service Superannuation Board, together with the financial statements, for the fiscal year ending March 31, 2005, pursuant to the provisions of Section 69 of *The Public Service Superannuation Act*.

I have the honour to be, Madam,

Your obedient servant,

Harry Van Mulligen
Minister in Charge
Public Service Superannuation Board

Saskatchewan
Public Employees
Benefits Agency

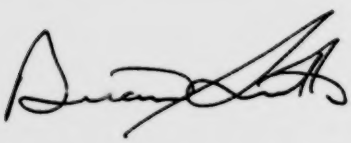
The Honourable Harry Van Mulligen
Minister in Charge
Public Service Superannuation Board
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the seventy-eighth Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2005.

Respectfully submitted,



Brian Smith
Executive Director

The Public Service Superannuation Board
The Public Service Superannuation Plan

Introduction

The primary purpose of the Board is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Plan also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent to retirement.

The Plan is governed by *The Public Service Superannuation Act,* which came into being on May 1, 1927. The Act also governs employees of The Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977, so the Plan is considered a mature plan with the amount of benefit payments increasing each year.

Public Service Superannuation Board

Brian Smith	Chairman
Richard McKillop	Member
Carolyn Salloum	Member

Operation of the Plan

The Plan is a Defined Benefit pension plan, which provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of 7%, 8% or 9%, depending on their age when they entered the plan. This contribution is offset by an amount equal to 1.8% of their pensionable earnings between the Year's Basic Exemption and Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan. For the most part the Plan is unfunded, although some monies are held in the Saskatchewan Transportation Company Employees Superannuation Fund.

The following table below shows the number of active and retired employees in the Plan as of the current and prior year-ends.

	March 31, 2005			March 31, 2004		
	PSSP	**Anti-TB**	**STC**	**PSSP**	**Anti-TB**	**STC**
Active Employees	1,580	2	19	1,755	2	23
Inactive Members	131	2	6	136	2	6
Retired Employees *	5,780	83	127	5,782	87	123
Totals	**7,491**	**87**	**152**	**7,673**	**91**	**152**

*Includes Superannuates, plus their dependents that are now in receipt of a survivor pension.

Benefit Payments

During the plan year, benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

The attached tables show all employees (including STC and Anti-TB) who retired during the year, split into various categories as to type of retirement and/or employees who terminated and elected retirement at a future date or died during the year.

Contributions to the Plan

In accordance with the contribution schedules outlined above, employee contributions to the Plan during the year totaled $4,702,000. This compares to $5,099,000 as of the previous fiscal year end. In addition, a small amount of employer contributions were made to the Plan during the year, totaling $1,148,000.

Table Summary

		March 31, 2005	March 31, 2004
Table 1	Attained Age 65	10	13
Table 2	Attained Age 60 – with reduction	6	-
Table 3	Attained Age 60 – no reduction	27	33
Table 4	Attained 35 years of Service	70	76
Table 5	Age 55 and 30 years service – reduced pension	17	14
Table 6	Ill Health Pensions	-	1
Table 7	Granted Deferred Allowance	5	-
Table 8	Deferred Allowances now Payable	3	8
Table 9	Early Retirement Allowances	39	-
Table 10	Deceased Employees	7	10
	Totals	**184**	**155**

The following summaries show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

Death Benefit Summary

	March 31, 2005	March 31, 2004
Superannuate Survivor Pension	76	74
Superannuate Cash Benefit	2	2
Totals	**78**	**76**

Termination of Employment Summary

	March 31, 2005	March 31, 2004
Cancel Deferred	1	1
Reciprocal Transfers	1	1
Totals	**2**	**2**

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Saskatchewan Transportation Company Employees Superannuation Fund (Fund). The Minister has delegated these responsibilities to the Public Service Superannuation Board, who in turn have retained the services of Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances set out by the Board in their Statement of Investment Policies and Goals for the Fund. It is against these long-term investment performance objectives that the Board assesses the performance of the investment manager.

The Fund's long-term investment performance objective is to outperform a benchmark portfolio constructed.

Asset Class	Market Index	Weight
Canadian	S&P/TSX Composite CPMS CAP 10 Index	15%
US	S&P 500 US Stock Index	10%
Non-North American	MSCI EAFE Index	10%
Fixed Income Bonds	SC Universe Bond Index	60%
Short-Term Investments	91 Day Canadian Treasury Bill	5%
Total		**100%**

The objective of the Fund is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period. The performance history of the Fund as of March 31, 2005 has been:

	1-Year Return	Rolling 4 Year Average
Fund's Return	7.5%	5.9%
Benchmark Return	5.7%	5.5%

Cash Flow Forecast

The total cash inflow is the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long term assumptions as follows:

Factor	Current Year Assumptions	Prior Year Assumptions
Salary Escalation	4.00%	4.00%
Inflation	3.00%	3.00%
Interest Rate	6.25%	6.25%

The actuarial valuations prepared by Eckler Partners Ltd. also take into consideration mortality under the Plan, which is reflected in the Net Cash Flow Forecasts.

Year	Net Cash Outflows (000's)		
	PSSP	Anti-TB	STC
2005-2006	98,804	579	2,123
2006-2007	102,466	561	2,099
2007-2008	106,533	552	2,116
2008-2009	111,837	529	2,142
2009-2010	119,335	497	2,179
Total next 5 Years	538,975	2,718	10,659
Total 5-10 Years	680,763	1,946	10,701
Total 11-30 Years	2,082,176	2,380	27,147

Administration

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of the Public Service Superannuation Act.

The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. Administration of the Public Service Superannuation Plan is carried out by PEBA.

Changes to administrative processes will continue to be evaluated with the intent of identifying opportunities for improving customer service and becoming more responsive to the needs of the Board and the membership.

During this past fiscal year, PEBA saw an increase/decrease in work volumes in the following areas:

	Increase/Decrease %	
Function	**2004/05**	**2003/04**
Retirements	11%	-15%
Age 65 Reductions	-	-13%
Terminations	57%	-48%
Deaths of Employees	-30%	-9%
Death of Superannuates	30%	14%
Breakdown of Spousal Relationships	-36%	-52%

TABLES

TABLE 1

Employees Retired Having Attained the Age of Retirement - Age 65

Name	Position	Last Monthly Salary	Age
AYOTTE, Geraldine A.	Institutional Service Worker	2,303.64	65
BEAUDRY, John I.	Equipment Operator	1,973.56	65
BERTALON, Yvonne M.C.	Manual Labour Level 5	19.22/hour	65
DUBRAY, Lester	Professional Level 5	5,542.49	65
DUNNE, Albert J.	Secretary	5,867.00	65
FIDDLER, James	Pasture Manager Level 5	19.22/hour	65
MAGNAYE, Dr. Arturo A.	Physician	8,928.00	67
MITTON, Gina J.	Information Services Officer Level 3	3,947.00	67
SURYAM, Rama D.	Secretary Level 3	2,619.72	65
WILLS, Ethel W.	Secretary Level 5	2,998.80	65

TABLE 2

Employees Retired at Their Option After Age 60 - With Reduction

Name	Position	Last Monthly Salary	Age
DANILOWICH, Zygmont A.	Management Level 3	3,976.00	60
DARNELL, Lenora M.	Clerk Level 5	3,190.00	60
FAFARD, Patrick P.	Instructor	5,298.63	60
KOBAN, Geraldine	Senior Nurse	6,024.58	63
SHAW, Harvey R.	Heavy Equipment Mechanic	3,917.42	60
STROEDER, Lorne S.	Instructor	4,870.21	61

TABLE 3

Employees Retired at Their Option After Age 60 - No Reduction

Name	Position	Last Monthly Salary	Age
ALBERT, Wayne E.	Storekeeper	3,186.00	60
ASH, Linda S.	Institutional Services Level 4	2,879.46	61
BECK, Iva M.	Judiciary Officer Level 9	4,155.36	63
BOWIE, Douglas J.	Motor Coach Operator		61
COCKS, Rodney J.	Ferry Operator	175.91/day	62
ELLIOTT, Wayne	Equipment Operator Level 5	3,109.82	61
HARRIS, Duane R.	Income Security Worker Level 9	4,309.24	63
HENDERSON, Gordon R.	Instructor, Program Head	5,186.24	60

Employees Retired at Their Option After Age 60 - No Reduction (continued)

Name	Position	Last Monthly Salary	Age
HIGHFILL, Shirley	Ed. & Aware. Consultant Level 10	4,740.21	60
LANG, Edward T.	Pasture Manager Level 6	3,358.64	60
MARINIER, Robert M.	Stock Keeper Level 7	3,627.35	60
MARUSHAK, Donelda M.	Corrections Worker	5,433.59	62
McPHERSON, Viola D.	Document Processing Level 5	2,998.80	61
MOORE, Gerald T.	General Service Worker Level 3	2,103.64	60
OLEXSON, Ronald J.W.	Judicial Officer Level 7	3,627.35	60
PAINCHAUD, Rene D.	Equipment Operator	3,109.82	60
PEEVER, Esther M.	Public Health Nurse	4,758.32	61
PETIT, Josephine	Income Security Worker	4,352.00	60
QURESHI, Abdul M.	Lab Scientist Level 13	5,162.00	62
RUDOLPH, Garry L.	Motor Coach Operator	.6846/mile	60
SAUVIE, Harvey	Highway Traffic Officer Level 8	3,917.42	60
SCHWANBECK, Bruce D.	Manager Level 4	4,664.00	60
SZMIGIELSKI, Walter	Heavy Equipment Mechanic	4,740.21	60
VINEY, Larry J.	Equipment Operator	2,299.42	60
WIEBE, Wolfgang	Instructor	5,001.00	60
WILLIAMS, Merle R.	General Maintenance Worker	2,562.54	60
ZEE, Ransome	Instructor	4,798.00	64

TABLE 4

Employees Retired at Their Option With 35 Years Service

Name	Position	Last Monthly Salary	Age
ACKERMAN, Sharon F.	Manager Level 5	5,869.00	55
ALLEN, Kenneth D.	Equipment Operations Level 5	3,109.82	57
ANDERSON, Ellis V.	Park Planner Level 11	5,433.59	58
ARMSTRONG, Ronald S.	Management Level 12	9,015.00	57
ASHAUER, Darlene J.	Clerk Typist Level 3	2,627.04	58
BAERWALDT, Glenn A.	Equipment Operator Level 8	3,917.42	54
BALERUD, Mary E.	Therapist Level 5	3,125.00	61
BAUDRIA, Keith J.	Equipment Operator Level 8	3,917.42	54
BAUER, Ronald M.	Labourer	183.87/day	54
BERG, Hazel H.	Child/Youth Protection Worker	4,866.72	55
BERTHELOT, Marie Y.	Nurse	4,758.32	59
BRUCE, Gordon G.	Management Level 5	6,409.59	57

Employees Retired at Their Option With 35 Years Service (continued)

Name	Position	Last Monthly Salary	Age
CARON, Edward E.	Equipment Operator	3,917.42	56
CHRISTIE, Alice M.	Document Processing Level 5	2,942.31	57
DARICHUK, Marie E.	Instructor	5,186.55	62
DEMERAIS, William R.	Corrections Level 9	4,309.24	59
DUBEY, Yvette A.	Cook	2,499.34	57
DUNCAN, William R.	Manager Level 8	7,110.00	60
DUNLOP, Alex R.	Management Level 5	5,435.00	57
EVERETT, Murray	Resource Technologist Level 9	5,433.59	57
FITCH, Hazel	Housekeeping Aide	2,303.64	59
FOFONOFF, Daniel J.	Social Worker Level 4	6,409.59	57
GEISSLER, Vern L.	Senior Project Engineer	5,783.00	56
GOBEIL, Adrien A.	Mnt. Heavy Equipment Level 10	4,740.21	55
GUBBE, Louis E.	Nurse	4,869.99	64
HANLINE, David W.	Resource Technologist	3,619.00	57
HANSON, Marion F.	Secretary	2,645.91	57
HEDGER, Hughbert H.	Manager Level 7	6,275.00	56
HERON, William R.	Supervisory Journeyperson Level 9	4,309.24	55
HOBBS, Marjorie J.	X-Ray Technician Level 3	2,767.00	61
HODGSON, Neil S.	Management Level 8	7,431.00	58
HUBER, Melvin L.	Project Manager	5,031.00	56
JANKE, Harvey M.	Resource Technologist Level 7	3,627.35	56
JOHNSON, Robert J.	Head Gardner	2,687.00	55
KABANUK, Shirley A.	Group Activities Aid Level 4	2,894.00	57
KAYTER, Shirley M.	Library Technician	2,998.80	56
KELLY, Kenneth E.	Legislative Officer Level 11	6,274.97	61
KING, William E.	Deputy CEO	5,365.32	53
KOBELSKY, Leonard J.	Regional Manager	6,039.00	59
KUBIK, Martin L.	Engineering Assistant	3,358.64	54
KULYK, Janet M.	Director of Residential Services	5,115.66	58
LAZURKO, Yurij J.	Instructor	4,975.16	57
LIEBEL, Marilyn D.	Programmer Analyst	4,891.27	55
MARION, Selma D.	Document Processing Level 7	3,497.82	57
MARTIN, Barry D.	Associate Deputy Minister	9,510.00	56
McCUTCHEON, John R.	Forestry Level 5	4,673.07	55
McKAY, James D.	Program/Office Admin. Level 6	3,238.71	57
McLEOD, William F.	Conservation Officer Level 9	4,309.24	62
MESZAROS, Donald M.	Manager Level 5	5,434.00	55
MILLER, Robert B.	Equipment Operator Level 8	3,917.42	55
MONTGRAND, Edith B.	Management Level 5	5,434.00	61
NELSON, James P.	Management Level 9	7,689.00	56
PACKMAN, Gregory W.	Manager Level 8	6,789.00	57

Employees Retired at Their Option With 35 Years Service (continued)

Name	Position	Last Monthly Salary	Age
PALMER, Barry J.	Equipment Operator Level 5	3,109.82	57
PRATT, James	Agrologist	4,740.21	56
REID, Joyce A.	Manager Level 8	6,715.00	56
SAFRONETZ, Larry C.	Manager Level 5	5,434.00	54
SCHAFER, Roy D.	Equipment Operator	3,109.82	55
SCHAAN, Allan N.	Legislative Officer Level 10	6,275.10	58
SINCLAIR, William D.	Child/Youth Protection Worker	5,214.37	59
SMITH, Elizabeth M.	Document Processing	2,776.65	59
STRYKIWSKY, Darlene J.	Accounting Clerk	2,998.80	55
THOMAS, Gregory W.	Manager Level 9	7,186.00	57
TURCOTTE, Andrea G.	Underwriting Assistant	3,099.00	54
UHREN, Gary J.	Engineering Assistant Level 9	4,309.24	58
WALLIN, Lyle A.	Ecologist Level 12	5,515.45	58
WASYLIW, George	Acting Administration Manager	5,031.00	55
WATSON, Carol D.	Housekeeper	14.26/hour	55
WOLLBAUM, David J.	Corrections Worker Level 9	4,309.24	54
ZIMMERMAN, Larry A.	Manager Level 5	7,401.50	55

TABLE 5

Employees Retired After Age 55 with Minimum 30 Years Service – Reduced

Name	Position	Last Monthly Salary	Age
COWAN, Jack	Verification Worker Level 5	3,109.82	57
FRANZ, Allan W.	Equipment Operator Level 5	3,104.89	56
GARDINER, Marie A.	Income Security Officer Level 8	3,917.42	55
HANIAK, Metro	Express Service Agent Level 1	16.30/hour	59
KOWALSKI, Darlene G.	General Service Worker Level 4	2,673.00	58
LITTLEWOOD, John M.	Management Level 10	7,691.00	55
ORSAK, Garry	Journeyperson Heavy Level 10	4,740.21	59
PARENTEAU, Carol	Planning Consultant Level 10	3,612.48	58
PAUL, Russell J.	Business Consultant	5,735.95	55
RYSAVY, Roy R.	Management Level 7	6,275.00	58
SAWATZKY, Albert N.	Director of Membership	6,437.50	55
STRINHOLM, Ronald K.	Instructor	5,060.75	59
WOLBAUM, Larry A.	Manager Level 5	5,472.00	56
WUSCHKE, Kenneth D.	Instructor	4,733.43	59
WYSMINITY, James M.	Petroleum Development Level 11	5,386.83	56
ZAKALUZNY, Murray S.	Instructor	2,078.77	58
ZERR, Glendyne	Tax Auditor Level 7	3,798.30	55

TABLE 6

Employees Retired on Grounds of Ill Health

Name	Position	Last Monthly Salary	Age
NONE			

TABLE 7

Employees Granted Deferred Allowances

Name	Position	Last Monthly Salary	Age
GEBHARDT, Paul D.	Agrologist Level 2	4,436.00	60
GRISWOLD, Garvin F.	Instructor	4,798.00	60
RUSSELL, James K.	Dean	5,682.00	60
SMITH, Gail N.	Info. Services Officer Level 10	4,459.41	55
STORER, John E.	Tourism	4,811.00	60

TABLE 8

Employees Granted Deferred Allowances – Now Payable

Name	Position	Last Monthly Salary	Age
OLIVER, Garry T.	Business Development	3,000.00	60
TUCKER, Wilfrid K.	Crown Counsel Level 2	7,054.00	60
ULLMAN, Gerald A.	Management Level 5	4,684.00	55

TABLE 9

Employees Granted an Early Retirement Allowance

Name	Position	Last Monthly Salary	Age
BARSI, Norma A.	Secretary Level 4	2,776.65	51
BARTON, Hazel M.	Document Processing Level 5	2,998.00	61
BATER, David K.	Agrologist Level 2	5,214.37	54
BENNETT, James G.N.	Labourer Level 5	3,109.82	60
BJORGE, Howard A.	Agrologist Level 10	4,740.21	54
BLASH, Vernon J.W.	Culture & Rec. Consultant Level 9	4,309.24	54
BLIXRUD, Floyd M.	Resource Technologist Level 7	3,627.35	50
BURNS, Neil	Com. Program Consultant Level 8	3,917.42	55
CONACHER, Glen A.	Resource Management Consultant	6,274.97	55
DANYLUK, James M.	Agrologist Level 10	4,740.21	55
DOBSON, Dwight W.	Technologist Level 7	3,627.35	56

Employees Granted an Early Retirement Allowance (continued)

Name	Position	Last Monthly Salary	Age
DONOVAN, Patricia A.	Culture & Rec. Consultant Level 9	4,309.24	59
EBNER, Shirley	Program Office Manager Level 5	3,109.82	52
GERBRANDT, Marvin M.	Facilities Planner Level 9	5,030.59	56
GERWING, Patrick M.	Agrologist Level 10	5,119.42	56
HARRIS, Arthur B.	Agrologist Level 10	4,740.21	57
HEADRICK, Janet D.L.	Secretary Level 4	2,776.65	53
INGELL, Carol L.	Program/Office Admin. Level 6	4,313.12	52
IRELAND, William G.	Forestry Officer Level 7	4,657.53	50
JENSEN, Ron E.	Researcher Level 12	5,735.95	51
KEEL, Jack W.	Park Planner Level 11	5,214.37	52
KEHLER, Wesley P.	Agrologist	2,187.79	56
LABORDE, Neil E.	Resource Management Consultant	5,030.59	50
LASUITA, Lorne M.	Culture & Recreation Consultant	4,309.24	55
LEE, Lawrence J.	Agrologist Level 10	4,740.21	57
LOWE, Donna M.	Secretary Level 5	2,998.80	52
LOWENBERGER, Frederick	Culture & Rec. Consultant Level 9	4,309.24	60
MASSIER, Calvin L.	Information Services Officer	4,570.95	54
MUIR, David J.	Tradesperson Level 6	3,358.64	51
NELSON, Walter L.	Land Manager Level 9	3,627.35	54
NEWSTEAD, Wayne G.	Conservation Officer Level 9	4,309.24	59
POLLOCK, James R.	Agrologist Level 11	5,214.37	51
REED, Robert J.	Land Manager Level 11	5,214.37	57
REEVE, William L.	Agrologist Level 10	4,740.21	56
SANDERSON, Anne L.	Program Office Administrator	3,238.71	59
SCHURR, Carol D.	Legislation Officer Level 6	3,238.71	50
SENFT, Dennis L.	Tradesperson Level 6	3,358.64	51
SWANSON, Barry L.	Agrologist Level 10	4,740.21	52
TUMBACH, Daryl E.	Agrologist Level 10	4,740.21	54

TABLE 10

Deceased Employees

Name	Position	Last Monthly Salary	Age
ANTHONY, Donald A.	Storekeeper	3,104.00	55
BRIERE, Laurence J.	Equipment Operator Level 8	3,139.33	50
CLOSEN, Stewart D.	Nurses Aide	15.20/hour	46
FEDOROWICH, Eva P.	Document Processing Level 7	3,412.50	49
SENKO, Lenard S.	Equipment Operator Level 5	2,856.00	47
SHUSSEL, Rick	Management Level 5	5,434.00	49
WHITLOCK, David	Park Maintenance Worker	16.96/hour	57

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance. Management is responsible for financial administration, administration of funds and managing of assets.

The financial statements, which follow have been prepared by management in conformity with ε counting principles generally accepted in Canada. Management uses internal controls and exercises its best judgement in order that the financial statements reflect fairly the financial position of the Plan.

The accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best judgement in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by the Provincial Auditor whose report follows:

Brian Smith
Executive Director
Public Employees Benefits Agency

A. Mackrill

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

K morgan

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
April 29, 2005

ACTUARIES' OPINION

Eckler Partners Ltd. was retained by the Public Service Superannuation Board (the Board) to perform actuarial valuations of the accrued pension benefits of the Public Service Superannuation Plan, including the Public Service Superannuation Fund, the Anti-Tuberculosis League Employees Superannuation Fund, and the Saskatchewan Transportation Company Employees Superannuation Fund (the Plan) on an accounting basis as at December 31, 2002. Eckler Partners Ltd. was further retained to extrapolate these results to March 31, 2004 and March 31, 2005.

The actuarial valuations and extrapolations of the Plan's accrued pension benefits were based on:

- Membership data provided by the Board as at December 31, 2002;
- Asset data for Anti-Tuberculosis League Employees Superannuation Fund and Saskatchewan Transportation Company Employees Superannuation Fund provided by the Board as at March 31, 2004 and March 31, 2005;
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Eckler Partners Ltd. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate the present value of the accrued pension benefits for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data are sufficient and reliable for the purposes of the valuations and the extrapolations. We also believe that the methods employed in the valuations and extrapolations and the assumptions used are, in aggregate, appropriate. Our opinions have been given and our valuations and extrapolations have been performed in accordance with accepted actuarial practice.

John Corp

John Corp, FIA, FCIA
Eckler Partners Ltd.

April 29, 2005

PUBLIC SERVICE SUPERANNUATION BOARD

PUBLIC SERVICE SUPERANNUATION PLAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2005

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Public Service Superannuation Plan as at March 31, 2005 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2005 and the changes in net assets available for benefits and accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 29, 2005

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND UNFUNDED LIABILITY

STATEMENT 1

AS AT MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2005	2004	2005	2004	2005	2004	2005	2004
ASSETS								
INVESTMENTS: (Note 3)								
Pooled funds	$ -	$ -	$16,709	$17,511	$ -	$ -	$ 16,709	$ 17,511
RECEIVABLES:								
Due from General Revenue Fund (Note 5)	1	3	5	9	-	288	6	300
Employees' contributions	-	-	2	2	107	120	109	122
Employers' contributions	-	-	2	2	37	46	39	48
Other receivables	2	-	1	1	29	1	32	2
Total assets	3	3	16,719	17,525	173	455	16,895	17,983
LIABILITIES								
Contributions payable to GRF	-	-	-	-	119	-	119	-
Administrative expense payable	3	2	8	6	-	-	11	8
Other payables	-	-	-	-	54	455	54	455
Total liabilities	3	2	8	6	173	455	184	463
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	-	1	16,711	17,519	-	-	16,711	17,520
Accrued pension benefits (Statement 3)	4,465	4,791	25,563	26,001	1,588,098	1,578,853	1,618,126	1,609,645
Unfunded liability	$4,465	$4,790	$ 8,852	$ 8,482	$1,588,098	$1,578,853	$1,601,415	$1,592,125

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN — STATEMENT 2
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund		Sask Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	(000's)		(000's)		(000's)		(000's)	
	2005	2004	2005	2004	2005	2004	2005	2004
INCREASE IN ASSETS:								
Investment income								
Distributions-Pooled Funds	$ -	$ -	$ 731	$ 781	$ -	$ -	$ 731	$ 781
Market value adjustment (Note 2)	-	-	481	1,984	-	-	481	1,984
Contributions (Note 6)								
Employees'	2	2	51	56	4,649	5,041	4,702	5,099
Employers'	2	2	51	56	1,095	1,022	1,148	1,080
	4	4	102	112	5,744	6,063	5,850	6,179
Deficiency contribution from General Revenue Fund (Note 6)	599	622	-	-	92,936	92,255	93,535	92,877
Total increase in assets	603	626	1,314	2,877	98,680	98,318	100,597	101,821
DECREASE IN ASSETS:								
Administration expense (Note 7)	10	8	46	45	-	-	56	53
Superannuation allowances	594	622	2,076	2,064	97,828	96,936	100,498	99,622
Refunds and transfers								
Contributions	-	-	-	-	261	398	261	398
Interest	-	-	-	-	429	636	429	636
Equity on death	-	-	-	-	135	17	135	17
Marital breakdown	-	-	-	-	19	-	19	-
Employer matching on reciprocal transfer	-	-	-	-	8	331	8	331
Total decrease in assets	604	630	2,122	2,109	98,680	98,318	101,406	101,057
Net (decrease) increase in assets	(1)	(4)	(808)	768	-	-	(809)	764
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	1	5	17,519	16,751	-	-	17,520	16,756
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR - to Statement 1	$ -	$ 1	$16,711	$17,519	$ -	$ -	$16,711	$17,520

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

YEAR ENDED MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund		Sask Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	(000's)		(000's)		(000's)		(000's)	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	2004
ACCRUED PENSION BENEFITS, beginning of year	$4,791	$5,169	$26,001	$26,461	$1,578,853	$1,579,392	$1,609,645	$1,611,022
INCREASE IN ACCRUED PENSION BENEFITS								
Interest on accrued pension benefits	281	304	1,566	1,595	96,121	96,203	97,968	98,102
Benefits accrued	7	6	184	194	16,833	18,025	17,024	18,225
	288	310	1,750	1,789	112,954	114,228	114,992	116,327
DECREASE IN ACCRUED PENSION BENEFITS								
Benefits paid	594	622	2,076	2,064	98,680	98,318	101,350	101,004
Ad hoc indexing less than expected	20	66	112	185	5,029	16,449	5,161	16,700
	614	688	2,188	2,249	103,709	114,767	106,511	117,704
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$4,465	$4,791	$25,563	$26,001	$1,588,098	$1,578,853	$1,618,126	$1,609,645

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005

1. Description of the Plan

a) **General**

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979. The AntiTB Fund accumulates contributions paid by employees of the Saskatchewan Anti-Tuberculosis League and any investment income.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions paid by employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) **Funding Policy**

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) **Retirement**

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) **Pensions**

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) **Investments**

Pooled funds are recorded at market value based on the quoted market price of the underlying investments.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) **Investment Transactions**

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

3. Investments - STC Fund

The investment objectives of the Fund are to ensure the Fund has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Fund's liabilities, the Fund takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions and investment returns into pooled funds.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates and equity markets. Interest rate risk is managed by investing in a fixed income pooled fund that varies the duration of fixed term securities.

b) **Credit Risk**

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Fund. The Fund limits the credit risk by dealing with issuers that are considered to be high quality.

c) **Foreign Currency Risk**

Foreign currency exposure arises from the Fund holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the value of investments. The Fund limits the foreign currency risk by limiting the investment in foreign funds.

d) **Market Risk**

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Board's policy is to invest

in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Goals.

Pooled Funds

Foreign equities including foreign pooled funds are limited to 25% of the cost of the investment portfolio and are denominated in Canadian dollars. The Fund's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Fund's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	979	993	5.14	4.72	$10,013	$10,225	$ 557	$1,042
Greystone Canadian Equity Fund	110	143	0.54	0.64	2,629	2,863	529	770
Greystone EAFE Plus Fund	171	177	0.15	0.14	1,593	1,632	44	543
Greystone US Equity Fund	173	197	5.31	4.35	1,883	2,103	66	391
Greystone Money Market Fund	59	69	0.78	2.52	591	688	16	19
					$16,709	$17,511	$1,212	$2,765

4. Accrued Pension Benefits

An actuarial valuation was performed as at December 31, 2002 and extrapolated to March 31, 2004 and 2005 by Eckler Partners Ltd. The actuary used the projected benefit method, prorated on services to determine actuarial present value of accrued pension benefits.

The accrued pension benefits are based on a number of assumptions about the future events including: salary escalation rate, inflation rate, interest rate, mortality, retirements and terminations. The actual rates may vary significantly from the long-term assumptions used.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

	2005	**2004**
Salary escalation rate	4.00%	4.00%
Inflation rate	3.00%	3.00%
Interest rate	6.25%	6.25%
Mortality table	1994 GAM (without projection)	1994 GAM (without projection)
Ad hoc indexing	1.5% (50% CPI)	1.5% (50% CPI)

The actual present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. For ad hoc increases, the Board assumed 50% of CPI based on previous years' experience. The Lieutenant Governor in Council, however, may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions that the Lieutenant Governor considers advisable.

The Plan's retired members received a 1% ad hoc increase as at April 1, 2005, which was lower than the 1.5% assumed in the valuation.

The following illustrates the effect on the accrued pension benefits of changing the estimated rates of inflation, salary escalation, interest rate and post-retirement indexing.

Long-term Assumptions								
Effect on Liability Assumptions	Inflation*		Salary		Interest Rate		Post-retirement Indexing	
	4.0%	2.0%	5.0%	3.0%	7.25%	5.25%	2.25%	0.75%
AntiTB (decrease) increase	(2.8%)	3.0%	0.1%	(0.1%)	(5.9%)	6.7%	4.4%	(4.1%)
STC (decrease) increase	(3.9%)	4.2%	0.4%	(0.4%)	(7.8%)	9.4%	5.9%	(5.2%)
PSSF (decrease) increase	(4.8%)	5.2%	1.1%	(1.1%)	(9.9%)	11.9%	7.3%	(6.5%)

* A 1% change in the inflation rate has a corresponding change in the interest rate and salary rate of 1% and in the post-retirement indexing of 0.5%.

5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in 2005 was 2.19% (2004 – 2.79%).

6. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act*, all funds received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions and allowances and other payments are recorded in these financial statements for accountability purposes only.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded in the financial statements as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see Note 7).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* states that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

7. Related Party Transactions

a) Administration

i) The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which are paid directly to Greystone Capital Management Inc.

	2005 (000's)						2004 (000's)		
	Anti-TB		STC		Total				
	Budget	Actual	Budget	Actual	Budget	Actual	AntiTB	STC	Total
Administration costs	$18	$10	$42	$21	$60	$31	$8	$19	$27
Investment management fees	-	-	-	25	-	25	-	26	26
	$18	$10	$42	$46	$60	$56	$8	$45	$53

ii) Public Service Superannuation Fund (PSSF)

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the PSSF are paid out of the General Revenue Fund. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were $903,637 (2004 - $966,635).

8. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments the fair value approximates their carrying value due to the immediate or short-term nature of these instruments. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

Due to this short-term maturity, the fair value of these financial instruments approximates their carrying value.

a) Due from General Revenue Fund
b) Employees' contributions receivable, employers' contributions receivable, and other receivables
c) Deficiency contribution payable to GRF, administrative expenses payable and other payables

For investments, fair values are considered to be market value, the calculation of which is described in Note 2.

The accrued pension benefits are long-term in nature and there is no market for settling these obligations. Therefore, it is not practicable to determine the fair value of the accrued pension benefits with sufficient reliability (see Note 4).

9. Investment Performance - STC Fund

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Fund's investment performance:

	2005	Rolling Four Year Average Annual Return
Fund's actual rate of return (a)	7.5%	5.9%
Target rate of return (b)	5.7%	5.5%

(a) The annual returns are before deducting investment expenses.

(b) The Fund's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Capped 10% Index, the Morgan Stanley Capital International Europe Australia Far East Index and the Scotia Capital Markets Universe Bond Index.

10. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all accrued pension benefits. The forecast

of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts.

The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2034.

Year	Cash Inflows (000's)	Cash Outflows (000's)	Cash Required (000's)
2005-2006	$ 4,546	$ 103,350	$ 98,804
2006-2007	4,215	106,681	102,466
2007-2008	3,842	110,375	106,533
2008-2009	3,332	115,169	111,837
2009-2010	2,616	121,951	119,335
Total within 5 years	$18,551	$ 557,526	$ 538,975
Total 5 - 10 years	$ 3,649	$ 684,412	$ 680,763
Total 11 - 30 years	$ 38	$2,082,214	$2,082,176

The estimated net cash outflows for the AntiTB Fund for the next 5 years is $2.7 million, for the next 10 years $4.7 million and for the next 30 years $7.0 million. The estimated net cash outflows for the STC Fund for the next 5 years is $10.7 million, for the next 10 years $21.4 million, and for the next 30 years $48.5 million. The net cash outflows do not consider future investment income and the redemption of investments.